



**ANNUAL  
REPORT  
2021**



# CONTENTS

<b>3</b>	Message from the Chair
<b>4</b>	Message from the Executive Director
<b>5</b>	Communiqué Committee
<b>6</b>	Defined Contribution Committee
<b>7</b>	Governance and Nominating Committee
<b>8</b>	Government Relations Committee
<b>9-10</b>	Investment Practices Committee
<b>11</b>	Investor Stewardship Committee
<b>12</b>	Member Services Committee
<b>13</b>	Risk Management Committee
<b>14-15</b>	Advocacy
<b>16</b>	Regional Councils
<b>17-25</b>	Professional Development
<b>26</b>	Honouring Excellence
<b>27</b>	Audit and Finance Committee
<b>28</b>	Financial Statement
<b>29</b>	Board of Directors
<b>30</b>	Contact Information



# MESSAGE FROM THE CHAIR



Sean Hewitt

On behalf of  
PIAC's Board  
of Directors,  
I am pleased  
to present you  
with our 2021  
Annual Report.

As we entered into our second year living with COVID-19, with all the uncertainty and tumultuous effects that the pandemic has brought, PIAC staff and volunteers have remained committed to providing resources, support, and advocacy to the Canadian pension industry.

Despite the impacts of the COVID pandemic on in-person events, PIAC was able to offer, for the first time ever, virtual conferences in the Spring and Fall of 2021. The conference volunteers attracted pension and investment industry leaders such as former Central Banker, and United Nations Special Envoy for Climate Action and Finance, Mark Carney. We also had the CEO's of Canada largest and most sophisticated pension plans provide their thoughts on pension strategy, such as Blake Hutchenson of OMERS and Neil Cunningham of PSP Investments. These virtual conferences enabled 380 PIAC members to attend the sessions, the most the organization has had in our 40+ year history.

Last year the Communiqué Committee created four editions of the Newsletter with articles focussing on Environmental Social and Governance issues, inflation risks and the effect of covid 19 among others.

We remained active with our advocacy efforts, the Government Relations Committee met with the CAPSA regulators, where we shared our views on funding reform, regulatory harmonization, commuted value payout reform, DC plan regulation, ESG and pension plan borrowing. The Defined Contribution Committee has ensured PIAC's participation in CAPSA's ongoing review of its CAP Guidelines as well as with the FSRA Technical Advisory Committee's review of DC plans.

PIAC also produced nine written submissions to regulators covering numerous proposals. For 2022, PIAC's focus will be to continue to lead proactive discussions relating to defined benefit plan preservation, reviewing the issues faced by defined contributions plans, strong corporate governance and financial disclosure practices.

Several years ago, the Board made a number of changes to the membership structure to grow it beyond an investment-only focus into something more holistic, including areas such as tax, risk, responsible investing, and administration. These changes have resulted in our membership growing to nearly 900 individuals, compared to under 400 just five years ago. Remember, your organization may sign up as many members as you wish, so please consider introducing PIAC to colleagues at work that may benefit from being part of our community. As a reminder, those that join PIAC are strongly encouraged to complete a member profile – this is key to help guide the content of our webinars and the focus of our working groups.

There are more than 100 members that volunteer with PIAC. If you are interested in getting involved, please reach out to the PIAC office. There are always lots of opportunities to help! Of course none of this would be possible without the steady hand of PIAC's Executive Director, Peter Waite, and his dedicated staff. On behalf of the Board, and its membership, I sincerely thank, Peter and his staff, Faith Featherstone, Chris Dawkins, and Maki Klotz for their hard work.

Thank you to our outgoing Chair, Natasha Trainor, and our Past Chair of the Board, Simon Frechet for his many years of dedication and contributions to PIAC. A very warm welcome to our new Director, Cheryl Shea.

# MESSAGE FROM THE EXECUTIVE DIRECTOR



Peter Waite

## It is a pleasure to present my 18th Annual Report as Executive Director.

This will be my third report written while we are all coping, in various forms, with Covid. While some aspects of life have

returned to normal, or the new normal, many others remain impacted by our collective necessity to take care of ourselves and each other.

Through it all, the 100+ volunteers on PIAC's Board, committees and working groups have kept their shoulder to the wheel and focus on creating valuable content for members.

We had to shift to virtual events again in 2021 and you have rewarded us with outstanding attendance – 466 of you attended conferences and 381 attended webinars. And you gave them very high ratings!

We have to hold the Spring 2022 Conference virtually as well, and the value presented is once again proving popular. Individual registration is just \$250 and the group rate per pension plan is \$1,000 for an unlimited number of registrations. There is just no better professional development value anywhere.

We do hope to be in person again for the Fall Conference in Calgary September 28-30 at the gloriously restored Fairmont Palliser. I look forward to seeing many of you there!

One of the goals articulated by the Board in our current Strategic Plan was to raise PIAC's profile and we have managed, from a standing start 18 months ago, to amass over 800 followers on LinkedIn. We have started promoting events and other activities and our hashtag is #PIACPENSIONS. Please Follow, Like and Share our posts. There is a link to our LinkedIn profile on our website.

The number of visits to our website has increased dramatically as well. This includes visits from non-members as well as from members logging in to check out the amazing array of resources either created specifically by our volunteers or content curated by members from external sources. The Guide to What's Online has been revised and is available on the website along with a brief video tour. It took longer than we had hoped to get it up and running, but our new website's chat forum, PIAC Exchange, is now the home of robust dialogue on the pension issues of the day.

The DC Committee has created a new membership brochure focussed on the benefits for DC plans to join PIAC. Please talk PIAC up as there are many smaller plans who have no idea we exist!

The Investor Stewardship Committee completed their triennial Responsible Investment Survey and published the results indicating the adoption of RI practices continues to gather momentum.

The Board is tackling Diversity, Equity & Inclusion as a challenge that we need to be addressing. It is no good for PIAC to advocate for good practices in the organization's our members invest in if we are not also following appropriate practices.

The Audit & Finance Committee completed an RFP process for our accounting firm and is recommending we stay with Hilborn LLP.

Finally, we were supposed to conduct our triennial member survey last year and hold a Board strategic planning retreat. That was postponed to this year and I strongly encourage all members to complete the survey and help provide us with guidance as we chart the course forward. And while you are at it, if you are among the 32% of members who have not completed your member profile, please do so. That is also vital information to assist us in our planning.

Let me conclude by thanking PIAC's Officers: Sean Hewitt, Graeme Hay, Gemma Gillis and Natasha Trainor as well as the Directors and committee volunteers for being so supportive of PIAC's staff and generous with their time and energy. I am also grateful to our staff team, whose absence from the office I feel everyday, for working so effectively from their homes.



# COMMUNIQUÉ COMMITTEE

**CHAIR** • Theva Naido, CIBC

## MEMBERS

**Janet Jule**, SASKATCHEWAN HEALTHCARE EMPLOYEES' PENSION PLAN

**Sean Hewitt**, TORONTO TRANSIT COMMISSION

**Prashant Mulay**, SUBSCRIBING MEMBER

**Emma Radloff**, NAV CANADA

**Betsy Springer**, CARLETON UNIVERSITY

## OBJECTIVES

- To communicate pension investment and management information to and among PIAC members.

The Communiqué Committee sees the newsletter as an important extension of PIAC's "mutual help" mandate in sourcing articles that provide unique approaches, insights, tools, or otherwise expand the readers' understanding of challenges and opportunities that the Canadian pension sector faces.

The Committee's articles originate from a broad range of sources including PIAC members, other PIAC committees, and industry partners, in addition to the committee itself. Four issues of the Communiqué newsletter were made available online in 2021. In addition to going directly to the PIAC website, members find the newsletter through PIAC generated email and LinkedIn links. Website functionality also allows for the Newsletter to be downloaded in pdf format and printed.

In 2021, the newsletter published a wide range of articles covering most asset classes as well as pension administration and governance and topical investment market matters. Looming inflation and its anticipated implications garnered interest. So too did the article on cryptocurrencies.

Other notable articles included fixed income investing a world after COVID, sustainable investing, low volatility strategies, geopolitics, e-commerce, target date funds and OCIO issues for DC plans. The Fall 2021 issue featured the results of a back to the office poll among PIAC members in anticipation of the easing COVID restrictions. Four PIAC committees were profiled during the course of 2021, namely the Investor Stewardship, Risk Management, Governance and Nominations and DC committees. In addition, the summaries of 9 PIAC submissions were included in the newsletters.

During 2021, PIAC members Roman Kosarenko, Edmond Assal, Emily O'Donohue and Gilles Horrobin were profiled. The Summer 2021 edition featured a piece on Sean Kulik who deservedly received the Terry Staples Volunteer of the Year Award.

On behalf of the Communiqué Committee, I would like to extend our deep thanks to PIAC committee members and other members and volunteers who have contributed to the newsletter this year. Sincere thanks also go to the PIAC office staff for their exceptional efforts in support of the newsletter achieving its objectives and meeting its deadlines.





# DEFINED CONTRIBUTION COMMITTEE

**CHAIR** • Cheryl Shea, CANADIAN PACIFIC RAILWAY

## MEMBERS

Martin Bélanger, UNIVERSITY OF WESTERN ONTARIO

Kamila Giesbrecht, UBC FACULTY PENSION PLAN

Lisa Jankov, GENERAL ELECTRIC

Nikki Keating, BELL CANADA

Roman Kosarenko, GEORGE WESTON LTD.

Martin McInnis, CO-OPERATIVE SUPERANNUATION SOCIETY

John Nielsen, IBM CANADA

Michelle Peshko, GLENCORE

Toza Siriski, RBC

## OBJECTIVES

- To promote sound standards and practices for defined contribution plans and other capital accumulation plans (collectively “the plans”) in the areas of investment, governance and related member communication.
- To compile and present in-depth research on existing and emerging investment products and strategies in order to assist members and their beneficiaries in their investment activities.
- To compile and present in-depth research related to the management of the plans, including member communication, education, advice, plan and investment option design and plan administration. This is delivered through various methods including papers, seminars, Communiqué articles, conferences, databases and tools.
- To regularly solicit and review feedback received through various means to identify issues relevant to members.
- To monitor the regulatory environment affecting the plans.

### The Committee worked on five main initiatives in 2021:

- 1** Identifying and influencing best practices with respect to DC plan governance. The Committee is actively involved with CAPSA’s ongoing review of its CAP Guidelines and participated on the FSRA / OSFI Technical Advisory Committee on DC plans (DC TAC). The DC TAC concluded its work and the full summary of outcomes and recommendations are available on the FSRA website. A Communiqué article on the Committee’s involvement was featured in the Spring 2022 edition.
- 2** Reviewing retirement planning tools, with the goals of providing guidance on best practices, assumption reviews and influencing regulation. An analysis of record keeper and consultant provided tools is ongoing along with a survey of plan sponsors’ satisfaction with the available tools.

- 3** Published its position on Outsourced CIO (OCIO) model for DC plans in the Winter 2021 Communiqué. Key areas of focus for plan sponsors considering this approach are minimizing conflicts of interest, open architecture, fee transparency, cost efficiency and robust governance.
- 4** Finalized a document articulating the value of PIAC for prospective DC members, which includes networking opportunities, access to a wealth of resources, confidential and proprietary surveys and advocacy work. All PIAC members are invited to talk up PIAC membership and pass on leads to the Committee.
- 5** Continue to monitor the development of lifetime income solutions including Advanced Life Deferred Annuities (ALDA) and Variable Payment Life Annuities (VPLA). Providers discussed three new products focused on decumulation in a panel discussion at the Fall conference and were the subject of a Communiqué article in the Winter 2022 edition.

## EDUCATION

The DC Committee has continued its education efforts by contributing DC related articles, webinars and conference sessions during the year. Topics included: OCIO Issues for DC Plans, Behaviour and TDF Design, Monitoring and a framework for assessing TDFs, ESG Resources for DC Plans, decumulation solutions, and private market strategies for DC plans.

## APPRECIATION

PIAC and the DC Committee extend their thanks to Martin Bélanger who stepped down as Chair in 2022. Martin has led the Committee’s work since the Defined Contribution Working Group was established in 2013.



# GOVERNANCE AND NOMINATING COMMITTEE

**CHAIR** • Natasha Trainor, NAV CANADA

## MEMBERS

Kevin Fahey, CAAT PENSION PLAN

Simon Fréchet, BRUCE POWER

Brenda King, HONOURARY PIAC MEMBER

## OBJECTIVES

- To solicit volunteers as nominees for Directors for consideration by the Membership.
- To nominate Officers for consideration by the Board.
- To monitor and propose amendments to the Bylaws and governance practices for consideration by the Board.
- To conduct a formal annual review of the governance process and report to the Membership through the Board.
- To conduct an annual survey of Directors and Committee chairs to assist in the performance evaluation of the management company.
- To regularly solicit and review feedback received through various means to identify issues relevant to members.

The Governance and Nominating Committee (GNC) is one of two Standing Committees established in the Bylaws and comprises the four most recent past Chairs of the PIAC Board. All responsibilities that touch on PIAC governance fall under the GNC mandate.

### Every year GNC activities include:

- Overseeing the call for new Director nominations and proposing candidates for consideration to the membership.
- Recommending Officers to the Board (Secretary/ Treasurer, Vice-Chair and Chair).
- A review of the governance processes of the association and results of the self-evaluations completed by Directors and committee volunteers.
- Overseeing the call for nominations for the Terry Staples Volunteer of the Year Award and the Chuck Harvie Distinguished Service Award.
- Recommending award recipients to the Board.



# GOVERNMENT RELATIONS COMMITTEE

**CHAIR** • David Gordon, CAAT PENSION PLAN

## MEMBERS

Julie Belair, OPTRUST

Michael Coe, ONTARIO TEACHERS'

Tim Downing, CPPIB

Emilian Groch, HONOURARY PIAC MEMBER

Dan Hudgin, EMERA

Algis Janusauskas, IMPERIAL TOBACCO

Michael Keenan, BIMCOR

David Lawson, TELUS

Rod Matheson, ALBERTA TEACHERS' RETIREMENT FUND

Brenda McInnes, HONOURARY PIAC MEMBER

Chris Morley, OMERS

Jean-Yves Paquette, SOCIÉTÉ DE TRANSPORT DE MONTRÉAL

## OBJECTIVES

- To monitor and evaluate laws and regulations pertaining to the investment of pension assets and funding of pension plans
- To consult with, recommend and effectively promote the prudent investment of pension assets to government representatives and regulatory authorities
- To maintain an ongoing liaison with federal and provincial officials
- To undertake advocacy campaigns when appropriate
- To regularly solicit and review feedback received through various means to identify issues relevant to members.

Covid-19 required the GRC to continue to meet with regulators and policy makers virtually in 2021. This past year was a busy one where the GRC met with and/or provided submissions to policymakers and regulators at the federal level and several provincial jurisdictions including Ontario, Alberta and Saskatchewan. Additionally, the GRC appreciated the opportunity to meet with the Canadian Association of Pension Supervisory Authorities (CAPSA) and looks forward to meeting with them again on an annual basis.

In meetings with officials and providing submissions to ongoing consultations, the GRC continues to advocate for funding reform and to encourage all remaining jurisdictions to adopt a single strengthened going-concern funding standard (i.e. elimination of the solvency standard) as well as broader acceptance of solvency reserve accounts and legal discharge of pension liabilities following an annuity buy-out. It is a priority for the GRC for policy makers to understand the need for policy and regulatory harmonization across all jurisdictions.

Moreover, the GRC informed pension regulators of the need to change commuted value standards to permit lump sum payouts based on the funded position of the plan at the time of payment.

In terms of defined contribution plans, the GRC continues to push for the facilitation of late-life deferred annuities and variable payment life annuities (VPLA's) across all regulated jurisdictions. To date the federal government continues to facilitate the introduction of VPLAs and has actively considered PIAC's feedback. As VPLAs grow, PIAC recommends revisiting the PRPP framework to address barriers to offering VPLAs.

Finally, Environmental, Social and Corporate Governance (ESG) as it relates to pension plan investing, is becoming a growing topic of advocacy for the GRC. In working with all policymakers including at the federal level, the GRC continues to uphold that guidance around ESG integration around the management of pension assets would be helpful, however such guidance should be principled based and not prescriptive.

In the year ahead the GRC looks forward to participating in meetings with pension policy makers and regulators and responding to policy consultations that are of significance to its members.

The GRC benefits from strong support by PIAC members across the country in terms of organizing and attending meetings with regulators and policymakers.

The GRC is supported by Gretchen van Riesen who assists in researching and drafting our submissions, and who attends meetings with regulators and policymakers. Anyone interested in joining the GRC is invited to contact the PIAC office.





# INVESTMENT PRACTICES COMMITTEE (IPC)

**CHAIR** • Robert Field, BCI

## MEMBERS

Martin Belanger, UNIVERSITY OF WESTERN ONTARIO  
Darin Eddy, HALIFAX REGIONAL MUNICIPALITY PENSION PLAN  
Ahren Estabrooks, ONTARIO TEACHERS' PENSION PLAN  
Dan Goguen, VESTCOR  
Graeme Hay, TEACHERS' RETIREMENT ALLOWANCES FUND

Jason Lau, CAAT PENSION PLAN  
Don Olsen, AIMCO  
Hugo Robert, NAV CANADA  
Angela Wang, BANK OF CANADA PENSION FUND

## OBJECTIVES

- To promote sound pension investment standards and practices
- To compile and present in-depth research on existing and emerging investment products and strategies in order to assist members in their investment activities. This is delivered through various methods including papers, seminars, Communiqué articles, conferences, databases and tools.
- To regularly solicit and review feedback received through various means to identify issues relevant to members.

## ACTIVITIES & WORKING GROUPS

### IPC Members

- Delivered a Value vs. Growth Debate webinar with respective presentations by Cliff Asness of AQR, Tony Coniaris of Harris Associates and David Levanson from Sands Canada that had 128 registered attendees.
- Are contributing to PIAC's efforts on CCMA's initiative to move to a T+1 settlement cycle for publicly traded equities and fixed income. IPC's specific focus is providing communication and education for members with initial plans to develop website resources and consider hosting a webinar for members in 2022.

### Tax Working Group

- Delivered three webinars and hosted the Annual Tax Conference in November with 41 members attending virtually. The working group is planning for more webinars in 2022 and looking forward to hosting the 2022 Tax Conference in-person this Fall.
- Continuing to monitor various regulatory developments with regular updates to members via Communiqué articles.

### Legal Working Group

- Continued to monitor developments related to transition away from LIBOR towards new benchmark interest rates.

### Alternatives Working Group

- Delivered a webinar on Private Infrastructure Benchmarks with a presentation by EDHEC Infrastructure.
- Continuing to focus on finding resources to help members better plan for allocations within various Alternative categories such as private equity, real estate and infrastructure. The working group is planning a few webinars for 2022 with one specific webinar on infrastructure in the planning phase.

# INVESTMENT PRACTICES COMMITTEE

NAME	FUND
<b>ALTERNATIVES WORKING GROUP</b>	
<b>Martin Belanger</b>	University of Western Ontario
<b>Kevin Fahey</b>	CAAT Pension Plan
<b>Dan Goguen, CHAIR</b>	Vestcor
<b>Sean Kulik</b>	Nunavut Trust
<b>Graeme Hay</b>	Teachers' Retirement Allowances Fund
<b>Josée Mondoux</b>	Canadian Medical Protective Association
<b>Carolyn Tsen</b>	Hydro One
<b>LEGAL WORKING GROUP</b>	
<b>Rodger Brennan</b>	Canada Post
<b>Stéphane Caïdi</b>	Public Sector Pension Investment Board
<b>Esther Hong</b>	OP Trust
<b>Trevor Noronha</b>	HOOPP
<b>Emily O'Donohue</b>	Ontario Teachers'
<b>Beverly Stone</b>	HOOPP
<b>Brad Tate</b>	OMERS
<b>TAX WORKING GROUP</b>	
<b>Gail Anthony-Hokororo</b>	Quadreal Investments
<b>Antonietta Cicerone</b>	CN Investment Division
<b>Mimi Duong</b>	Public Sector Pension Investment Board
<b>Shankar Kamath</b>	BCI
<b>Matt Leonard</b>	Halifax Regional Municipality Pension Plan
<b>Maya Loufti</b>	Hydro Québec
<b>Tracy Ng</b>	Ontario Power Generation
<b>Nima Nouri</b>	Oxford Properties
<b>Yolanda Palao</b>	Electrical Safety Authority
<b>Melania Paraschiv, CHAIR</b>	Ivanhoé Cambridge
<b>Angela Winder</b>	Carleton University





# INVESTOR STEWARDSHIP COMMITTEE

**CHAIR** • Susan Golyak, BCI

## MEMBERS

Brendan Hart, OMERS

Catherine Isabelle, PUBLIC SECTOR PENSION INVESTMENT BOARD

Maciek Kon, UBC INVESTMENT MANAGEMENT CORP.

Hyewon Kong, IMCO

Michael Robichaud, BANK OF CANADA PENSION FUND

Laura Song, OP TRUST

Lu Yao, UNIVERSITY OF TORONTO ASSET MANAGEMENT CORP.

Carmen Velasquez, AIMCO

Miekela Singh, ONTARIO TEACHERS'

Ocean Chen, ONTARIO TEACHERS' PENSION PLAN

Samantha Cameron, HOOPP

Meyer Aaron, PIAC RETIRED MEMBER

## OBJECTIVES

- To develop, monitor, and promote robust standards and best practices for investor stewardship of pensions in Canada. Investor stewardship is commonly referred to as responsible investing, sustainable investing, or environmental, social, and governance (ESG) investing, with particular focus on corporate governance. It is the responsible management and prudent investment of capital for pension plan beneficiaries. It may include, but is not limited to the following activities: proxy voting, corporate engagement, corporate governance, the integration of ESG factors into the investment process, and advocacy with public policy makers and standard setters on matters deemed relevant by the ISC
- To research and monitor investor stewardship issues to determine any significant potential impact on members
- To monitor and respond to anticipated changes in the regulatory environment which may impact activities associated with investor stewardship
- To provide appropriate and timely information to members on relevant issues, and offer support when requested
- To develop, maintain and update official PIAC materials related to investor stewardship

### Key activities in 2021 included:

- Preparing submissions to regulators and other industry bodies, including the OSC and SEC, addressing ESG issues including: climate risk, enhanced disclosure, gender diversity, executive compensation the proxy voting process, and shareholder rights.
- Held webinars and prepared conference sessions on ESG topics including ESG and Fiduciary Duty, and a webinar on ESG enablers and inhibitors for pension plans in Canada.
- Working with CAPSA and contributing to their upcoming guidance regarding ESG.

- Circulated PIAC's triennial Responsible Investing survey and communicated highlights to members including:
- A decrease in the number of respondents without any kind of RI policy (35% to 12%)
- Enhanced disclosure of proxy voting policies and activities and increased consideration of E and S factors
- More RI due diligence when choosing external managers.
- Only 4% of respondents do not incorporate ESG in external manager assessment and monitoring, compared to 11% in 2018.
- More engagement and collaboration on RI issues.
- Providing information and resources to PIAC members via website, Communiqué and eblasts on ESG topics such as tools for ESG due diligence, information about the EU Sustainable Finance Disclosure Regulation and an article about Human Rights addressing the regulatory landscape, frameworks and resources for investors. This is the first article in a planned series about social related issues.
- We thanked Anne-Marie Monette, Carolyn Tsen, Cameron Brock, Sarah Takaki and Andrew Spurr, Lisa their valuable contributions to the ISC We also welcomed new members: Ocean Chen, Samantha Cameron, Catherine Isabelle, Martin Robichaud and Aaron Meyer, a retired member.

## UPCOMING

For the rest of 2022 and beyond, the committee will be looking at ways to provide continued support to PIAC members and deliver information about the topics of greatest interest to members, including a planned series of webinars and/or conference sessions on Climate Change topics.



# MEMBER SERVICES COMMITTEE

**CHAIR** • Asif Haque, CAAT PENSION PLAN

## MEMBERS

Andy Greene, TORONTO TRANSIT COMMISSION

Lisa Jankov, GENERAL ELECTRIC

Brenda King, HONOURARY PIAC MEMBER

Sean Kulik, NUNAVUT TRUST

Grace Wong, CANADA POST

## OBJECTIVES

- To promote a high level of Member professional awareness and competence through appropriate programs and services.
- To regularly solicit and review feedback received through various means to identify issues relevant to members.

### The committee worked on the following projects during 2021:

- The MSC oversaw the PIAC office regarding renegotiation of rescheduled conferences due to the COVID-19 pandemic.
- The MSC reviewed the PIAC office's plans for logistics for the virtual Spring, Fall and Tax Conferences.
- Along with the PIAC office, the MSC conducted both the Asset & Return and External Manager Surveys.
- Working with the PIAC office, the MSC began laying groundwork for the launch of a new Mentorship Program.

## UPCOMING

- The MSC is assisting the PIAC office in preparing the Spring Conference, to be held virtually in May 2022. Discussions continue as to whether the Fall Conference will be held in-person or virtually.
- The MSC will continue working with the Executive Director and staff to move forward on deliverables from the Strategic Plan, including development of programming based on the needs of different member segments.
- The MSC will work with the PIAC office to roll out the mentorship program, beginning in 2022.

## APPRECIATION

- The MSC extends its thanks to Doug Chau, who stepped down from the Committee in 2021.

NAME	FUND
<b>ASSET &amp; RETURNS SURVEY WORKING GROUP</b>	
Doug Chau	University of Toronto Asset Management
Fern Elliott	Nunavut Trust
Asif Haque	CAAT Pension Plan
Brenda King	Honourary PIAC Member
Sean Kulik, CHAIR	Nunavut Trust
Andrew Urquhart	NAV Canada
Grace Wong	Canada Post





# RISK MANAGEMENT COMMITTEE

**CHAIR** • Edmond Assal, CDPQ

## MEMBERS

Robert Field, BCI

Dominic Blais, CANADIAN MEDICAL PROTECTIVE ASSOCIATION

Serge Germain, UNIVERSITÉ DE SHERBROOKE

Pierre Gilbert, BIMCOR

Maciek Kon, UBC INVESTMENT MANAGEMENT CORP.

John McNair, IMCO

Katharine Preston, OMERS

Jian Su, PRATT & WHITNEY CANADA

Ying Wu, VESTCOR

## OBJECTIVES

- To promote sound risk management standards and practices.
- To compile and present in-depth research on existing and emerging risk management products and strategies for PIAC members.
- To compile and present in-depth research related to risk management practices. This is delivered through various methods including papers, seminars, Communiqué articles, conferences, databases and tools.
- To regularly solicit and review feedback received through various means to identify issues relevant to members.
- To monitor relevant regulatory matters affecting members.

The RMC continues its collective efforts to advance risk management knowledge and resources for the PIAC membership. **The RMC's key activities in 2021 included:**

- Developed a risk budgeting tool available on the website along with documentation to guide users navigating in the tool. A demo of the tool was presented during June's virtual conference;
- Hosted a webinar on investment risk governance and emerging themes with a speaker from MSCI and two member funds;
- Published an article on *COVID Effect Financial and Economic Measure Infographics* outlining market movement over several historically significant events;
- Reviewed and updated the Risk management committee content on the website.

## CURRENT PROJECTS

- Undertaking the Risk Management Survey for 2022
- Preparing an article on financial leverage for pension plans
- Developing content on total fund risk metrics
- Assessing Climate Risk
- Monitoring the Global Risk Institute's National Pension Hub

# ADVOCACY

## **ONTARIO FINANCE ON PBA REGULATION 909: REMOVING REQUIREMENTS FOR DC PLAN ADMINISTRATORS**

On November 15, 2021, PIAC made a submission to Ontario Finance on its proposed amendments to Ontario Regulation 909 of the Pension Benefits Act: Removing Certain Requirements for Administrators of Defined Contribution Pension Plans. PIAC supported removing the requirements for member-directed DC plans to establish SPPs and to file audited annual financial statements (while providing the CEO of FSRA with the authority to request them). However, DC plans would continue to file unaudited annual financial statements. PIAC asked that all member-directed DC plans be captured, including any DC member-directed components of DB plans.

## **ASB ON DETERMINATION OF PENSION COMMUTED VALUE IN ECONOMIC ENVIRONMENTS WHERE BOND YIELDS ARE NEGATIVE**

On July 26, 2021, PIAC commented on the Actuarial Standards Board's Exposure Draft on the determination of pension commuted values in economic environments where bond yields are negative. PIAC agreed to the change to r7 and the restriction (floor of zero) proposed in 1-10 and i10+. PIAC noted the implementation timeline will be challenging and recommended a six-month period between the published date of the revised Standards and the effective date to allow administrators to program administrative systems and perform appropriate testing. To avoid annual year-end reporting cycles, PIAC suggested that the effective date of the Standards be set for after March 31, 2022.

## **SEC CONSULTATION ON CLIMATE CHANGE DISCLOSURES**

On June 14, 2021, PIAC made a submission to the US Securities and Exchange Commission on its consideration of climate change disclosures. PIAC supported disclosure rules that would mandate enhanced disclosure of not just climate risk, but of ESG factors more broadly. A combination of qualitative and quantitative disclosure that leverages the TCFD recommendations and the SASB frameworks would ensure disclosure of material ESG issues using industry specific metrics. This industry perspective ensures materiality and proportionality in disclosure requirements and should not create excessive burden on issuers. This submission builds on PIAC's previous letter regarding Reg S-K in 2016.

## **STANDING COMMITTEE ON INDUSTRY, SCIENCE AND TECHNOLOGY ON C-253**

On June 10, 2021, PIAC made a submission to the Standing Committee on Industry, Science and Technology on its current review of Bill C-253. PIAC did not support a super-priority for unfunded pension liabilities and employee post-retirement benefits in the event of bankruptcy. Preferred creditor status for unfunded pension liabilities would impact the cost and availability of credit for companies with DB plans and put them at a disadvantage relative to competitors without DB plans. This may lead some companies to re-assess the strategic value of sponsoring a DB plan. There is limited published work on the impact on beneficiaries of plan terminations from insolvencies so it is difficult to assess the potential benefits of introducing a measure that could lead to the further decline of DB plans in the private sector.

## **SASKATCHEWAN SOLVENCY FUNDING REVIEW**

On June 8, 2021, PIAC commented on Saskatchewan's Review of the Pension Funding Framework for Single Employer Defined Benefit Plans in the Private Sector. PIAC strongly supports the reform of long-term, minimum funding rules. As PIAC has repeatedly stated, Canadian pension jurisdictions need one funding rule, as opposed to one going-concern funding rule and one plan termination (solvency) funding rule. Funding should be based on a going-concern "plus" model and eliminate solvency requirements except for an 85% plan-wind-up-funding ratio floor. There should be consistency across jurisdictions to promote regulatory harmonization. In its seven-page response, PIAC addressed questions on the following issues: Solvency Reserve Accounts (SRAs); use of PfADs to mitigate risks; allowing contribution holidays when a plan is fully funded; and support for the statutory discharge of liability for plans where annuity buy-outs occur.



# ADVOCACY

## **RESPONSE TO ALBERTA PENSIONS QUESTIONNAIRE**

On March 1, 2021, PIAC submitted a response to the Pensions Questionnaire issued by Alberta Finance. Within the eight-page submission, PIAC addressed a wide variety of key pension issues, including funding rules, solvency and harmonization among jurisdictions, PfAD determinations, full discharge of liabilities upon the purchase of annuities, expanded access to ALDAs and VPLAs, reduction of administrative red tape and electronic disclosure.

## **SUBMISSION TO ASB ON DETERMINATION OF PENSION COMMUTED VALUES IN ECONOMIC ENVIRONMENTS WHERE BOND YIELDS ARE NEGATIVE**

On February 25, 2021, PIAC responded to the Actuarial Standards Board (ASB)'s consultation on commuted values during periods where bond yields are negative. PIAC agreed that the existing formula for estimated  $r_7$  is inappropriate if  $i_7$  becomes negative and particularly if  $i_L$  approaches zero. If the formula for  $r_7$  is modified, PIAC recommended a full review of Options 9i and 9ii. PIAC opposed a permanent change during the current abnormal period, and preferred Option 9i as a temporary solution. Changes to the formulas in subsection 354 will create a burden for plan administrators because of the need to update pension administration systems, processes, and communications. PIAC advocated in favour of a major standard review and commended the Designated Group for flagging these concerns.

## **CONSULTATION ON STRENGTHENING FEDERALLY REGULATED PRIVATE PENSION PLANS**

On January 14, 2021, PIAC commented on the federal Consultation Paper "Strengthening Canadians' Retirement Security". The seven-page response provided the rationale behind PIAC's positions in these areas:

- **Temporary Relief Measures.** While PIAC supported the measures, the need for repeated rounds of temporary relief over the past decade is indicative of a pressing need for fundamental reform to the federal solvency rules and harmonization among jurisdictions.
- **Plan Governance and Administration.** PIAC opposed the proposal to require plan member and retiree representation for all plans. PIAC noted most of its members already have established governance and policies.
- **Environmental, Social and Governance Factors.** Because of their potential financial impacts on plan investments, PIAC agreed it is within the scope of its members' roles as fiduciaries to consider ESG, including climate change, in their investment processes and disclosures.
- **Solvency Reserve Accounts.** PIAC supported the proposal with a more flexible approach to funding.
- **Variable Payment Life Annuities.** PIAC supported legislative amendments to facilitate the introduction of VPLAs.
- **Ministerial Guidelines for Defined Benefit Plan Sponsors.** PIAC supported the proposed guidelines on the process for seeking special funding relief.
- **Restrictions on Borrowing.** While not raised in the consultation, PIAC recommended that the federal government permanently remove the restriction on borrowing by pension plans.

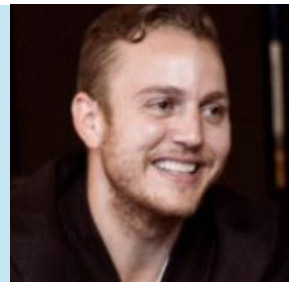
## **SUBMISSION TO CAPSA ON GUIDELINE NO. 7 – PENSION PLAN FUNDING POLICY**

On January 8, 2021 PIAC supported the draft guidelines and the inclusion of alternative plan designs, such as target pension arrangements. PIAC further agreed with CAPSA's non-prescriptive approach.

# REGIONAL COUNCILS



**CHAIR**  
**Dan Goguen**  
VESTCOR  
Atlantic Regional Council  
The Atlantic Regional Council did not meet in 2021



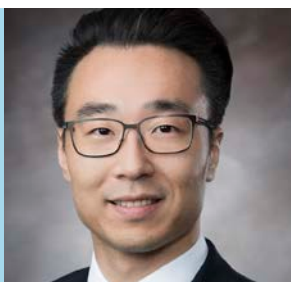
**CHAIR**  
**Andrew Urquhart**  
NAV CANADA  
Ottawa Regional Council  
The Ottawa Regional Council met on June 24 and December 10, 2021



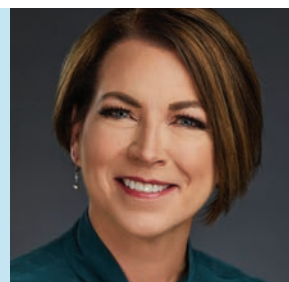
**CHAIR**  
**Maciek Kon**  
UBC INVESTMENT MANAGEMENT TRUST INC.  
BC Regional Council  
The BC Regional Council met on June 22 and November 19, 2021



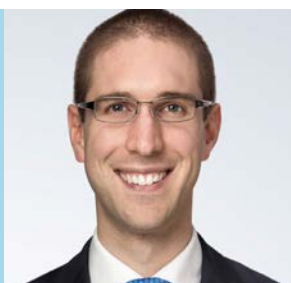
**CHAIR**  
**Serge Germain**  
UNIVERSITÉ DE SHERBROOKE  
Quebec Regional Council  
The Quebec Regional Council met on July 6 and December 15, 2021



**CHAIR**  
**Jeff Kim**  
ENBRIDGE INC.  
Calgary Regional Council  
The Calgary Regional Council met on June 21, 2021 and December 10, 2021



**CHAIR**  
**Janet Jule**  
SASKATCHEWAN HEALTHCARE EMPLOYEES' PENSION PLAN  
Saskatchewan Regional Council  
The Saskatchewan Regional Council met on June 28, 2021



**CHAIR**  
**Andrew Davis**  
AIMCO  
Edmonton Regional Council  
The Edmonton Regional Council met on June 24 and November 30, 2021



**CHAIR**  
**Gemma Gillis**  
IMCO  
Toronto Regional Council  
The Toronto Regional Council met on June 28 and December 13, 2021



**CHAIR**  
**Sal Pelletieri**  
HEALTHCARE EMPLOYEES PENSION PLAN MANITOBA  
Manitoba Regional Council  
The Manitoba Regional Council met on June 23 and December 3, 2021



# PROFESSIONAL DEVELOPMENT



PIAC did not hold in-person events in 2021 due to COVID-19. Instead, we held peer-created and curated virtual conferences and webinars.

These events are as unique as they are independent and unbiased because they are designed by your pension peers who serve on a variety of PIAC committees and working groups. Speakers are hand-picked and drawn from pension plans across the country as well as external providers, consultants and academics who are chosen for their expertise in a certain field. PIAC virtual events provide a sales-free environment for exchanging views, asking questions and sharing ideas. Recordings and slides are available on the Events Archives page of the website.

## PIAC 2021 SPRING VIRTUAL CONFERENCE

June 1 – 2, 2021

The Spring Conference was attended by 245 members.

### Opening Plenary - Lessons from the Capital Allocator Podcasts

**Speaker:** Ted Seides, Founder, Capital Allocators LLC

**Moderator:** Darin Eddy, Director Public Markets, Halifax Regional Municipality Pension Plan

Ted Seides reviewed some of the most important lessons he's learned from the first 150 episodes of his podcast, Capital Allocators, and how these can be applied to small, medium and large pension funds.

### Breakout A - The Future of Fiduciary Duty in ESG

Slide Presentation

**Speaker:** Janis Sarra, Professor of Law, University of British Columbia

**Moderator:** Susan Golyak, Senior Manager, ESG Integration, BCI

Professor Janis Sarra spoke on prudential duties in the investment process and on the global evolution in hard and soft-law policy revisions requiring consideration of long-term value drivers, including climate change and broader ESG issues. The discussion also spoke to key ESG trends and innovation for the future that may influence the investment decision making process and highlight remaining challenges in making the process more mainstream.

# PROFESSIONAL DEVELOPMENT

## Breakout B – Current Approaches to Setting Fixed Income Allocations

*Slide Presentation*

**Speakers:** Brendan George, Partner, George & Bell Consulting; Rene Martel, Managing Director and Head of Retirement and Justin Blesy, Senior Vice President and Asset Allocation Strategist, PIMCO

**Moderator:** Kamila Giesbrecht, Executive Director, Investments, UBC Faculty Pension Plan

Two fixed income managers and an investment consultant discussed the current environment for this asset class from the perspective of both DB and DC plans. They offered insight into higher octane sectors and strategies, including private markets. They also addressed the role of fixed income at the overall portfolio level and its impact on the risk/return profile of long-term strategic allocations.

## Breakout C – Infrastructure: Is it too Late?

**Speakers:** Dan Kim, Director, Global Relationship Group, IFM; Stephen Dowd, Chief Investment Officer Private Infrastructure Strategies, CBRE

**Moderator:** Dan Goguen, Vice President, Private Markets, Vestcor Inc.

Infrastructure practitioners discussed the current market environment for infrastructure investing. They offered insight into how capital markets dynamics impact valuations and the current opportunity set as well as perspectives on infrastructure subsectors through the lens of potential risk-adjusted returns.

## Breakout D - The Use of Private Market Strategies for DC plans

**Speakers:** Michael Keenan, Chief Investment Officer, BIMCOR; Zaheed Jiwani, Principal, Eckler

**Moderator:** Toza Siriski, Manager, Pension Investments, Royal Bank of Canada

DC plans continue to evolve by adding private asset classes. The session reviewed a Plan sponsor's experience and how consultants are able to work with clients for their DC plans.

## Keynote Plenary #2 - Pensions and the Climate Challenge

**Speaker:** Mark Carney, Vice-Chair and Head of ESG and Impact Fund Investing, Brookfield Asset Management

**Moderator:** Natasha Trainor, Director of Pension Investments, NAV CANADA & PIAC Chair

As long-term institutional investors, pension plans have a key role to play in addressing the climate change challenge, not only for the sake of the planet, but their own financial sustainability. Given his global experience with governments, central banks and financial institutions, Mark Carney discussed the opportunities and roadblocks that Canada's pension funds will be navigating in the years ahead.

## Keynote Plenary #3 - Reflections on the First Year as CEO and a Look Forward

*Slide Presentation*

**Speaker:** Blake Hutcheson, President and CEO, OMERS

**Moderator:** Graeme Hay, Chief Investment Officer, Teachers' Retirement Allowances Fund & PIAC Secretary-Treasurer

After Blake Hutcheson's official first year as OMERS CEO, he reflects on the pandemic, the challenges, key learnings, and the opportunities for one of Canada's largest pension plans.



# PROFESSIONAL DEVELOPMENT

## Breakout E - A Closer Look at Asian Asset Classes

**Speakers:** Jens Nystedt, Senior Portfolio Manager, EMSO; Nemer Bechara, Co-Founder and Managing Partner, Vergent Asset Management; Tony Hass, Asian Private Markets, KKR

**Moderator:** Tanya Lai, Managing Director, Public Markets, IMCO

A panel of specialists with different asset class expertise discussed the opportunities and thematic tailwinds within Asian markets. The discussion considered investors' increasing cross asset class focus on this regional source of secular growth. Allocation and portfolio construction considerations were also explored, especially in light of the global COVID-19 pandemic.

## Breakout F – Climate Risk & Long-Term Risk Investors

*Slide Presentation*

**Speakers:** Ally Karmali, Associate Partner, Sustainability & Climate and Zlata Huddleston, Partner, Financial Services and Sustainability & Climate, IBM

**Moderator:** Gemma Gillis, Senior Director Business Management, IMCO

This presentation examines how integrating climate risk in corporate governance and risk management frameworks benefits contributors and beneficiaries; shapes direct private equity, real assets and credit investments; and gives long-term horizon investors an advantage over other investors.

## Breakout G - COVID-19 – The Risk Wave

*Slide Presentation*

**Speaker:** John McNair, Vice President, Investment Risk Management & Analytics, Investment Management Corporation of Ontario (IMCO)

**Moderator:** Emma Radloff, Manager, Public Assets, NAV CANADA

This session considered how the typical Canadian pension plan's risk decomposition across asset classes was impacted by COVID. Risk characteristics, metrics and modeling considerations were discussed in the context of the dislocations that occurred during the period. The session concluded with a live demo of a practical tool aimed at plan sponsors looking to achieve some of the analysis presented.

## Breakout H - Due Diligence in Manager Selection & Operations

**Speakers:** Tom Cawkwell, Head of Private Markets Research, Albourne Partners and Travis Williamson Partner, Albourne America

**Moderator:** Sean Hewitt, CEO, Toronto Transit Commission Pension Fund Society

Albourne addressed the unique challenges faced by asset owners and allocators in completing strategy due diligence and manager selection during the global pandemic. The audience heard how investors in different asset classes, particularly public markets versus private markets, are adapting to the limitations on travel and in-person due diligence. Albourne also discussed what trends it is seeing more broadly across its client base, and how it expects due diligence activities to change post pandemic.

## Closing Plenary - Macro Disruptors: What we need to relearn about economics and markets

**Speaker:** Frances Donald, Senior Managing Director, Chief Economist & Head of Macro Strategy at Manulife Investment Management

**Moderator:** Gemma Gillis, Senior Director Business Management, IMCO

COVID19 changed all our lives, likely forever. But it also changed the way we need to think about economics and markets. Our prior economics education just won't cut it as we progress forward: from central banks' evolving focuses beyond inflation, to integrating climate change and income inequality into the investment outlook, to asset allocation decisions in a persistently low-rate environment, and much more, the textbooks need to be rewritten.

**Spring Conference Chair:** Gemma Gillis

**Conference Committee:** Darin Eddy, Kamila Giesbrecht, Anne-Marie Monette, Emma Radloff, Toza Siriski & Mark Wojchichowsky.

# PROFESSIONAL DEVELOPMENT

## 2021 FALL VIRTUAL CONFERENCE

October 19 – 20, 2021

The Fall Conference was attended by 185 members.

### Opening Plenary - Digital Assets - The Evolution of Cryptocurrencies and Decentralized Finance

*Slide Presentation*

**Speakers:** Scott Army, Managing Director & CIO, Galaxy Vision Hill; Steve Kurz, Partner + Head of Asset Management, Galaxy Digital

**Moderator:** Sean Kulik, Managing Director, Investments, Nunavut Trust

The presenters provided a background on the rise of digital assets, blockchain, and decentralize finance. They shared their thoughts on the trends in the space and why investors should consider learning and investing in the asset class.

### Breakout A - The More Things Change, the More they Stay the Same: Exploring Home Country Bias in 2021

*Slide Presentation*

**Speakers:** Michael De Juan, Director of Portfolio Strategy, Global Asset Allocation, Northern Asset Trust Management; Diana Olteanu-Veerman, Senior Quantitative Strategist, Northern Trust Asset Management

**Moderator:** Ryan Bradley, Senior Investment Officer, Government Prince Edward Island

It's been over 15 years since the foreign property rule limit has been lifted for Canadian defined benefit plans, allowing sponsors to freely diversify their portfolios. In this time, investors have experienced Canadian dollar boom and bust cycles, a proliferation of global investment vehicles, two "once in a lifetime" recessions, and an increased focus of potential Environmental, Social, and Governance concerns stemming from their holdings. And the world in recent years has become less global, focusing on domestic independence. In this session, the speakers explored the current state of home country bias both in Canada and globally, and address if securities' domicile continues to impact how institutional investors allocate capital to public, private and real assets.

### Breakout B – Building Climate Change into Risk Management Practices

*Slide Presentation*

**Speakers:** Lisa Eichler, Co-head, Climate & ESG Solutions, Ortec Finance; Adam Goehner, Senior Manager, ESG Strategy and Risk, British Columbia Investment Corporation (BCI)

**Moderator:** Katharine Preston, Vice President, Sustainable Investing, OMERS

Climate risk has been increasingly on the radar of market participants over recent years both due to the severity of its potential impacts and evolving regulatory requirements. The panel of industry experts discussed different approaches to addressing climate risk with the focus on implementation, including topics on building climate risk considerations into the investment decision making process, assessing risks in a scenario-based framework, using carbon footprint to assess climate risk, the current landscape of available climate-related data, considerations for funds of different sizes, and more.

### Breakout C – New Trends in Decumulation Solutions

*Slide Presentation*

**Speakers:** Pat Leo, VP Retirement Solutions, Purpose Investments; Farzan Qureshi, Senior Investment Strategist, Blackrock; Alex Mazer, Co-Founder & Co-CEO, Common Wealth

**Moderator:** Martin Bélanger, Director, Investments, Western University

Nobel Prize Winner Bill Sharpe once said that decumulation is the nastiest, hardest problem in finance. Solutions that are flexible and can contribute to bequest objectives tend to lack the income guarantees that are crucial to mitigate longevity risk, while solutions with guaranteed income tend to be inflexible. Fortunately, the industry has been coming up with solutions that aim at providing income for life, but with some flexibility features and bequest possibilities. A panel of industry experts discussed recent innovations in the field of decumulation, including Purpose Investments Longevity Fund, BlackRock LifePath Paycheck and a Guaranteed Lifetime Income solution jointly developed by Common Wealth and Brookfield Annuity.



# PROFESSIONAL DEVELOPMENT

## Breakout D - Farmland Investing

Slide Presentation

**Speaker:** Joelle Faulkner, Founder and CEO, Area One Farms

**Moderator:** Sean Kulik, Managing Director, Investments, Nunavut Trust

Joelle provided an introduction to the asset class and discussed the many approaches to investing in the space and the variety of favourable features that farmland offers, including: diversification, correlation to inflation, cash yield, and ESG characteristics.

## Keynote Plenary #2 - Insatiable Short-Termism and the Gamification of Stock Markets: Does it Matter to Serious Investors?

Slide Presentation

**Speaker:** Stuart Dunbar, Partner, Baillie Gifford

**Moderator:** Ryan Bradley, Senior Investment Officer, Government Prince Edward Island

Financial 'innovation' and online trading by retail investors has once again moved centre-stage. Those who treat financial markets simply as a venue for gambling are driving headlines and huge volatility in certain asset prices without any serious rationale.

This has almost nothing to do with the fundamental (and societally useful) business of capital allocation for real wealth creation. So what does it mean for serious investors? Stuart argued that while such activity can have some real-world consequences, this is a game we can simply choose not to play.

## Keynote Plenary #3 - Connecting to What Matters

**Speaker:** Neil Cunningham, President and Chief Executive Officer, Public Sector Pension Investment Board (PSP Investments)

**Moderator:** Sean Hewitt, CEO, TTC Pension Plan & PIAC Vice-Chair

In a CEO fireside chat, Neil discussed PSP's two-decade journey and shared his views on:

- The importance of public sector pensions in Canada and the new opportunity in long-term value creation.

- The evolution of PSP Investments' approach to ESG, E&D and climate change.
- The legacy of COVID-19 in shaping new market opportunities for long-term investors and their new role in making capitalism more equitable, sustainable, and inclusive.

## Breakout E - Solutions for the Transition to Net-Zero

Slide Presentation

**Speakers:** Kenneth MacKinnon, Co-Founder and Managing Partner, MKB & Co.; Liam O'Sullivan, Principal, Co-Head of Client Portfolio Management, RP Investment Advisors LP; Jennifer Martin, Vice President, Global Equities, T. Rowe Price

**Moderator:** Martin Bélanger, Director, Investments, Western University

As plan sponsors set targets to lower their carbon footprint and achieve net-zero emissions, they will need investment solutions that allow them to achieve their climate change goals, while generating competitive risk-adjusted returns. In this session, a panel of fixed income, public equity and private market asset managers explained the investment philosophy and portfolio construction process behind the development of some of these innovative investment solutions. They also reviewed the challenges and opportunities that come with building investment solutions that aim at achieving that dual goal.

## Breakout F – Currency Hedging: A Comprehensive Overview of Currency Hedging from a Canadian Perspective

Slide Presentation

**Speaker:** Dori Levanoni, Partner, Investments, Chief Investment Strategies, First Quadrant

**Moderator:** Chad King, Manager Investment Risk, Nova Scotia Pension Services Corporation

Topics covered included optimal hedge ratios, more granular approaches to managing currency risk as well as implementation and operational considerations.

# PROFESSIONAL DEVELOPMENT

## Breakout G - Building Absolute Return Portfolios

*Slide Presentation*

**Speakers:** Cara Lafond, Managing Director, Multi-Asset Strategist, and Portfolio Manager, Wellington Management; Chris Solarz, Managing Director, Cliffwater LLC

**Moderator:** Darin Eddy, Director Public Markets, Halifax Regional Municipality Pension Plan

Low prospective expected returns continue to drive interest in utilizing absolute return strategies to both generate enhanced returns and mitigate overall portfolio risks. Given the heterogeneity of the approaches available though, how does an allocator design and approach due diligence in constructing these portfolios? This session offered a refresher for the “why” of absolute return vehicles given the capital market environment today and investigated key considerations of building an absolute return portfolio and challenges related to implementation and monitoring.

## Breakout H - The Use of Leverage at a Plan Level

*Slide Presentation*

**Speaker:** Brett Pacific, Senior Managing Director, Head of Derivatives and Quantitative Strategies, Sun Life

**Moderator:** Daniel Dine, Portfolio Manager - Investment Strategy, Vestcor Investment Management

Leverage as a portfolio tool continues to garner interest from allocators as a means to improve risk-adjusted returns in the context of their plan liabilities. In addition to explaining some of the benefits of leverage, this session turned to the important implementation challenges and considerations that one must grapple with to ensure leverage is utilized effectively. Topics covered included the tools available to instantiate leverage, governance considerations, and nuanced views about key due diligence items in selecting partners.

## Closing Plenary - Investment Implications Amid a Pandemic Recovery

*Slide Presentation*

**Speakers:** Julianna Spiropoulos, Partner, Head of Investment Strategy, Investment & Risk Practice, LifeWorks; Catherine LeGraw, Portfolio Strategist, GMO

**Moderator:** Dan Hudgin, Manager, Pension Investments, Emera

Each decade appears to have its own investment themes and secular drivers that underlie return generation and risk. 2021 has already seen a start and stop of one investment rotation (i.e., growth to value and increasing interest rates), and 2020 witnessed major pivots in macroeconomic policy amidst the pandemic that will have medium and long-term implications. What themes are likely to be important during the decade, and how do allocators position for this? Is this finally the decade where the traditional 60/40 policy portfolio fails to deliver?

**Fall Conference Chair:** *Darin Eddy*

**Conference Committee:** *Martin Belanger, Ryan Bradley, Dan Goguen, Dan Hudgin, Chad King & Ying Wu.*

# PROFESSIONAL DEVELOPMENT

## PIAC VIRTUAL TAX CONFERENCE

November 10, 2022

The Fall Conference was attended by 42 members.

### Opening Remarks & Member Forum

Melania Paraschiv, Director, Taxation, Ivanhoé Cambridge and Chair, PIAC Tax Working Group provided an update on its activities, including a steady stream of webinars on current topics over the past year and what to look forward to in educational content in 2022. During the Member Forum, attendees discussed what is keeping them up at night and participated in a delegate poll to help guide the development of PIAC tools and resources for pension tax professionals.

Current Tax Environment and Market Trends for Institutional Investment in Commercial Real Estate in the UK and Europe

**Speakers:** Elizabeth Bradley, Global Practice Group Leader - Tax, Employee Benefits and Private Client; and Paul Williams, Associate Director, Bryan Cave Leighton Paisner LLP

**Moderator:** Nima Nouri, Vice President, Tax, Oxford Properties Group (London, UK)

The presenters outlined the principal issues facing institutional investment in commercial real estate in the UK, and also the wider European/Global context. Investors in the UK are facing the UK's response to BEPS, and also an ever-widening tax base, as the UK Treasury seek to raise more money from investment in UK real estate. Investors are responding in a number of ways, notably by moving into tax-advantaged investment vehicles. The wider tax environment features increasing international efforts towards preventing tax avoidance, leading to investors increasing focus on the substance of their arrangements.

## What To Know About Eci When Investing Into The U.s.

*Slide Presentation*

**Speaker:** Peter Keenan, Partner, Tory's

**Moderator:** Mimi Duong, Subscribing Member PIAC

Canadian investors typically seek to avoid direct exposure to U.S. federal net income taxation and related U.S. tax return filing obligations with respect to "effectively connected income", generally referred to as "ECI". This session focused on potential sources of ECI from investments in private equity funds, venture funds, hedge funds and other private investment funds that invest in the United States and discussed how investors and fund sponsors allocate risk with respect to ECI issues.

## Introducing The New Global Minimum Tax Rules – How Should Pension Funds Navigate Through The New Tax Landscape

*Slide Presentation*

**Speakers:** Barbara Angus, Principal, Global Tax Policy Leader; Matthew Mealey, Global Content and Innovation Leader, International Tax & Transaction Services; and Sara Yamotahari, Global Sovereign Wealth & Pension Fund Leader – Tax, Ernst & Young

**Moderator:** Melania Paraschiv, Director, Tax, Ivanhoé Cambridge

This session focused on the OECD BEPS 2.0 pillar 2 minimum tax proposals, including the GloBE and the subject to tax rule. The session addressed the latest insight into scope and timing in different countries, with a focus on the issues for Canadian pension funds at the fund, holding company and portfolio investment level.



# PROFESSIONAL DEVELOPMENT

## WEBINARS

PIAC held nine webinars which were attended by 381 members.

### US Tax Form Update for Canadians September 23, 2021

**Speakers:** Kevin Colan, Counsel, Taxation, Paul, Weiss, Rifkind, Wharton & Garrison and Jennifer Lee, Partner, Taxation, Osler, Hoskin & Harkin

**Moderator:** Maya Loutfi, Tax Advisor, Hydro Quebec

This webinar provided an update on the status of the new US tax reform legislation and an overview of the changes, with a focus on aspects relevant to Canadian investors and businesses.

### Budget 2021 and its Impact on Pension Investment - The New "30% Rule" August 26, 2021

**Speakers:** Carla Hannemann Partner, M&A Tax Services and Yulia Alexandrina Senior Manager, M&A Tax Services, KPMG

**Moderator:** Antonietta Cicerone Comptroller, Head of Finance, CN Investment Division

Budget 2021 includes several significant tax proposals, including interest deductibility limitations, anti-hybrid measures, and mandatory disclosure rules. This presentation focused on the interest deductibility limitations and their impact on investment by pensions (including how these rules may intersect with the pension investment "30% Rule" that applies to many pensions). Key takeaways with respect to the anti-hybrid and mandatory disclosure proposals were reviewed.

### PIAC's Guide to What's Online July 21, 2021

**Speakers:** Lisa Jankov, Assistant Treasurer, General Electric Canada and Peter Waite, Executive Director, PIAC

Explore PIAC's website and learn how to access the wealth of information and resources you may not be aware of:

- How to get the most out of the annual Asset & Returns survey
- Finding relevant contacts from among the 850 pension professionals using the Member Directory

- Exploring the array of resources, including research papers, webinars, conference materials, surveys and much more in areas from Alternatives to Risk Management, Responsible Investing to DC and Tax
- Posting questions to over 850 PIAC members using the PIAC Exchange member forum
- Accessing events held across the country, including webinars, conferences and regional lunches
- Important features in the quarterly newsletter
- Advocacy and submissions to government on a wide variety of topics, including solvency reform
- Committee and Board composition and the various ways to become involved and learn from your peers
- Updating your profile and fund information

### Investment Risk Governance in Action May 14, 2021

**Speakers:** Francesco Faiola, Executive Director, Canada Country Manager and Head of Canadian AOC Coverage, MSCI, Marlene Puffer, President and CEO, CN Investment Division and Ying Wu, Risk Manager, Chief Compliance Officer, Vestcor Inc.

**Moderator:** Rob Field, Vice President, Client Partnerships, Corporate & Investor Relations, BCI

While sound investment risk governance has long been a key pillar of prudent pension investing practices, our COVID "scenario" has further illustrated the critical role it plays in ensuring that fiduciaries are able to deliver retirement benefits in spite of unexpected challenges they will face. Having a strong risk governance foundation in place allows investors to prepare for some known challenges, like a market correction at the end of a long growth cycle, while also establishing the discipline to be looking for emerging risks on the horizon and quickly adapting when new risks emerge. A panel of investment and risk practitioners share their knowledge on investment risk best practices, key learnings during COVID and touch on some emerging risk trends they are keeping an eye on these days.

# PROFESSIONAL DEVELOPMENT

## **GST/HST Rebate Calculation for SLFI**

May 13, 2021

**Speaker:** Seema Agnihotri, Senior Manager, KPMG

**Moderator:** Tracy Ng, Senior Tax Manager, Ontario Power Generation

Just in time for the June compliance season, KPMG took members through the complex pension calculations including employer adjustments, rebates and adjustments required by Selected Listed Financial Institutions. KPMG demonstrated the overall calculation and discussed traps and pitfalls as well as opportunities.

## **Introduction and Tips for Completing the Asset and Returns Survey**

April 19, 2021

**Speaker:** Sean Kulik, Chair, PIAC Asset & Returns Survey Working Group

Learn how to enter the data to complete the annual Asset & Returns Survey and discover important new areas of the survey that were added this year to make it more comprehensive and current.

## **Edhecinfra Index Data & Analytics: Benchmark Your Performance, Understand Your Infrastructure Investment Risks**

March 30, 2021

**Speaker:** Adrien La Greca, Senior Sales Executive, EDHECinfra

**Moderator:** Dan Goguen, Vice-President, Private Markets, Vestcor Inc.

This presentation covered an overview of the EDHECinfra approach: How do they address investors' challenges in measuring the asset class, what are their data collection process and index calculation methodologies?

## **Are Asset Owners Doing Right by Their External Asset Managers in the Age of RI?**

January 26, 2021

**Speaker:** Robert Eccles, Senior Advisor, Boston Consulting Group

**Moderator:** Anne-Marie Monette, Senior Director, Responsible Investment, PSP

The rise of responsible investment is reshaping the relationship and dialogue between asset owners and asset managers. In an environment where short-term financial performance increasingly needs to be reconciled with long-term investment outcomes, are asset owners setting the right expectations? This webinar features an engaging dialogue with a leading authority on the integration of environmental, social, and governance (ESG) factors in resource allocation decisions by investors.

## **Value vs. Growth**

January 20, 2021

**Speakers:** Clifford Asness, Managing and Founding Principal, AQR Capital Management, Tony Coniaris, Partner, Co-Chairman and Portfolio Manager, Harris Associates and David Levanson, Research Analyst, Sr. Portfolio Manager, Executive Managing Director, Sands Capital

**Moderator:** Graeme Hay, Chief Investment Officer, TRAF

Does it make sense to maintain a value tilt in an equity portfolio? Traditionally, institutional investors have sought to diversify style biases in their equity portfolio and in some cases ended up with a tilt towards value-oriented strategies. While any style may underperform for a period of time, value investing has suffered an exceedingly long period of underperformance, causing many investors to re-examine their equity style allocation. The performance gap between value and growth investing has only widened in 2020. This webinar explores whether value investing is truly dead or whether style diversification still makes sense in the years to come.

# HONOURING EXCELLENCE

## PIAC's objectives and successes would not be achieved without the dedication and commitment of its volunteers.

The individuals who serve on committees, who organize conference programs, who speak at webinars and conferences, who prepare submissions to government, and of course those who serve on our Board of Directors, have demonstrated a selfless devotion to the interests of all Members in the work they have undertaken for the Association.

Accordingly, PIAC recognizes the loyalty and diligence of volunteers, especially those who have excelled in contributing to PIAC's objectives, who are seen by peers to be role models and who contribute to a positive public and industry perception of PIAC.



### **CHUCK HARVIE DISTINGUISHED SERVICE AWARD** Presented to Julie Cays

PIAC presented the Chuck Harvie Distinguished Service Award to Julie Cays at its virtual AGM May 28. Julie's career has taken her from CIBC to HOOPP to CAAT, where she

recently retired from her role as Chief Investment Officer. Julie has a long record of membership, volunteering as well as participation at conferences. She has been an active participant on practically every PIAC committee over the years. Julie also served two terms on the Board of Directors from 2007 to 2013, rotating up through the officer positions, Chairing the Audit and Finance Committee, the Tactical Planning Session and the Governance & Nominating Committee. The Chuck Harvie Distinguished Service Award is PIAC's most prestigious honour, granted to members at the time of their retirement to those who have made a significant contribution to PIAC and pension management over the course of their career. This is a well-deserved honour for Julie. This award is just a small token of appreciation for how much she has inspired and mentored others and guided the direction of PIAC throughout her career.



### **TERRY STAPLES VOLUNTEER OF THE YEAR AWARD** Presented to Sean Kulik

After reviewing a list of more than 100 dedicated volunteers, Sean Kulik's outstanding commitment over the past several years made him an obvious choice for the award.

On his own initiative, Sean, who is Managing Director, Investments at Nunavut Trust, spearheaded a complete overhaul of the annual Asset & Returns Survey that has led to numerous improvements in its accuracy, utility and completeness. He hosted a series of webinars to show members how to input data into the new survey, organized a webinar on the CFA Institute's GIPS to ensure consistency and created a new dashboard and accompanying webinar to help members analyze and present the PIAC data. He also writes in-depth summaries explaining the key takeaways each year. While leading the Asset & Returns Working Group, he also joined the Member Services Committee where he wrote a report on the results of the 2020 External Manager Survey. He has also become a member of the Alternatives Working Group where he continues to line up webinars and conference sessions. The Terry Staples Award is presented annually to a volunteer nominated by his or her peers and recommended by the Governance & Nominating Committee to the Board of Directors as representing distinction in volunteerism. Thank you, Sean for all your contributions!

## PAST WINNERS

### Chuck Harvie Award

2020	Brenda King	2009	Robert Bertram
2019	Russ Hiscock	2008	Gretchen Van Riesen
2018	Barbara Miazga, Brenda McInnes	2005	Harry Gibbs, Peter Hellyer
2015	Roger Robineau	2004	Don Walcot
2014	Emilian Groch, Doug Pearce	2002	David French, Ian McKinnon
2011	Claire Kyle		
2010	Rick Abbott		

## PAST WINNERS

### Terry Staples Award

2020	Michael Keenan	2010	Mary Spurr
2019	Rob Field	2009	Emilian Groch
2018	Roman Kosarenko	2008	Terri Troy
2017	Algis Janusauskas	2007	Gretchen Van Riesen
2016	Martin Bélanger	2006	Barb Miazga
2015	Michelle Peshko	2005	John Denham
2014	Stephanie Lachance	2004	Pierre Drolet
2013	Tom Palameta	2003	Roger Robineau
2012	Meyer Aaron	2002	Lynn Clark
2011	Robert Hall		



# AUDIT AND FINANCE COMMITTEE



**Gemma Gillis**  
IMCO  
**CHAIR**

**MEMBERS**  
**Dave Lawson**  
TELUS  
**Francois Quinty**  
VIA RAIL  
**Grace Wong**  
CANADA POST

## OBJECTIVES

- Recommend to the Board the appointment of external auditors;
- Review the basis and amount of the external auditor's fee;
- Review the draft audited financial statements and discuss them with the Executive Director and the auditor to obtain reasonable assurance that:
  - the statements are fairly presented in all material respects in accordance with generally accepted accounting principles;
  - the selection of accounting policies is appropriate;
  - the external audit function has been effectively carried out and any matter that the external auditors wish to bring to the attention of the Board has been given adequate attention;
- Submit the draft audited financial statements to the Board for review and approval;
- Obtain reasonable assurance from Association & Events Management International (the "Management Company") and the auditor that the Management Company has in place appropriate systems of internal control and that these systems are operating effectively to ensure compliance with legal and regulatory requirements, and with the financial policies of PIAC;
- Review the draft annual operating budget of PIAC and recommend its approval by the Board;
- Monitor interim financial results prepared by the Management Company and provide appropriate information and input to the Board with respect to the financial health of PIAC;
- Recommend financial policies to the Board, including annually reviewing the Financial Reserve Policy and the Banking and Investment Policy;
- Monitor the size of PIAC's surplus and reserves;

- Review exceptional items to the approved conference budgets from the Member Services Committee Chair;
- Select and review investment funds;
- Inquire into any other matters referred to it by the Board;

In 2021, the annual operating budget was set to generate a surplus of \$5,810. Similar to 2020, it was not possible to hold in person conferences, so the cost of two virtual conferences and a new pricing approach was included in the 2021 budget. This resulted in a surplus of \$19,847 for the year, or \$14,037 more than the budgeted surplus. The higher than expected surplus was the result of marginally higher than anticipated membership dues and conference income, as well as savings on several administrative costs which were lower than budget. This is, in part, a reflection of a more digital mode of operating during the pandemic. It should be noted that PIAC was required to take a write off on a partial deposit from the cancelled 2020 spring conference. The Audit & Finance Committee (Committee) determined the best course of action was to reflect this in the 2021 financials.

In 2021, the Committee conducted an auditor review as good governance due to the timing of the last auditor RFP. Following the RFP due diligence, the Committee has recommended to the Board the reappointed our current auditors. In regard to the annual audit, the Committee met twice with our auditors to review the process and results. We are pleased to once again receive an unqualified audit opinion.

PIAC's Financial Reserve Policy requires us to maintain a reserve to cover annual base operating expenses and potential contingencies. In 2021, the Committee reviewed and recommended policy updates to the Board for approval. The reserve ratio policy was stated as a minimum of 75% and a maximum of 125% of the following year's budget, calculated annually. The Committee recommended to the Board that the required General Fund amount be changed from a calculation to a fixed amount (\$400,000). Using a fixed amount simplifies the process while ensuring there are enough funds in the reserve to cover base expenses for a full year. This change was subsequently approved by the Board. At Dec 31, 2021, the General Fund was \$471,423, thus the reserve for Fiscal 2022 is aligned with the policy.

The approved budget for 2022 has an expected surplus of \$9,670. This reflects a small increase in membership fees and the expectation that PIAC will hold one virtual and two in person conferences and return to a post-covid, less digital world.

*The following page contains an excerpt from PIAC's audited financial statements. Full financial statements are available on PIAC's website.*

# FINANCIAL STATEMENT

<b>BALANCE SHEET</b>	<b>YEAR ENDED DECEMBER 31, 2021</b>	
	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 36,723	\$ 51,895
Short term investments	337,781	306,839
Accounts receivable	2,293	60
HST receivable	16,527	22,884
Prepaid expenses	89,000	87,000
	<b>482,324</b>	<b>468,678</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	9,650	15,852
Deferred revenue	1,250	1,250
	<b>10,900</b>	<b>17,102</b>
<b>NET ASSETS</b>		
General operating fund	471,422	451,576
	<b>482,324</b>	<b>468,678</b>
<b>STATEMENT OF REVENUES &amp; EXPENSES</b>	<b>YEAR ENDED DECEMBER 31, 2021</b>	
	2021	2020
<b>REVENUES</b>		
Membership fees	\$ 426,950	\$ 398,240
Spring conference fees	35,000	--
Fall conference fees	32,250	--
Seminar fees	5,125	--
Interest income	945	2,261
	<b>500,270</b>	<b>400,501</b>
<b>EXPENSES</b>		
Management services	271,780	267,500
Spring conference	47,450	20,693
Fall conference	47,450	18,372
Tax conference	18,000	13,648
Regional councils and webinars	1,400	1,400
Bank and credit card charges	9,799	8,251
Audit and legal	7,120	7,000
Technology	16,843	45,812
Board and committees	35,366	30,629
Insurance	2,361	2,193
Office and administration	22,853	27,829
	<b>480,422</b>	<b>443,327</b>
Excess (deficiency) of revenues over expenses for the year	<b>19,848</b>	<b>(42,826)</b>

# BOARD OF DIRECTORS



**Asif Haque**  
CAAT PENSION PLAN



SECRETARY-TREASURER

**Gemma Gillis**  
IMCO



**Susan Golyak**  
BCI



VICE CHAIR

**Graeme Hay**  
TEACHERS' RETIREMENT  
ALLOWANCES FUND



CHAIR

**Sean Hewitt**  
TORONTO TRANSIT  
COMMISSION



**Roman Kosarenko**  
GEORGE WESTON LTD.



**Dave Lawson**  
TELUS



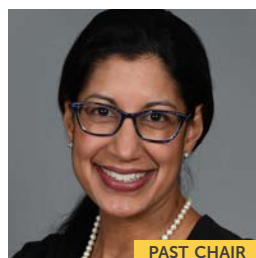
**Katharine Preston**  
OMERS



**François Quinty**  
VIA RAIL



**Cheryl Shea**  
CANADIAN PACIFIC  
RAILWAY COMPANY



PAST CHAIR

**Natasha Trainor**  
NAV CANADA



**Grace Wong**  
CANADA POST

## PAST BOARD CHAIRS

2021 Natasha Trainor  
2020 Simon Fréchet  
2019 Deanne Allen  
2018 Brenda King  
2017 Kevin Fahey  
2016 Lisa Jankov  
2015 Dan Goguen  
2014 Michael Keenan  
2013 Brenda McInnes  
2012 Julie Cays  
2011 Barbara Miazga  
2010 Algis Janusauskas  
2009 Gayle McDade  
2008 Roger Robineau  
2007 Terri Troy

2006 Pierre Drolet  
2005 Gretchen Van Riesen  
2004 Rick Abbott  
2003 Tom Gunn  
2002 Claire O. Kyle  
2001 Rudy R. Dabideen  
2000 Donald T. Walcot  
1999 Douglas G. Pearce  
1998 Neil A. Jacoby  
1997 Robert G. Bertram  
1996 Russell J. Hiscox  
1995 Robert L. Sillcox  
1993-94 David A. French  
1992 Charles Dillingham  
1991 Peter Hellyer

1990 Phil Jenkinson  
1989 Ian McKinnon  
1988 Watson Ogilvie  
1987 Roger Porretti  
1986 Watson Ogilvie  
1985 Roger Fisher  
1984 Dennis Beggs  
1983 Wilson Barbour  
1982 Chuck A. Harvie  
1981 Wilson Barbour  
1980 David MacMahon  
1978-79 Terrance Staples  
1977 Dennis McGee





Pension Investment  
Association of Canada

Association canadienne des  
gestionnaires de caisses de retraite

PIAC has been the national voice for Canadian pension funds since 1977. Senior pension professionals employed by PIAC's member funds are responsible for the oversight and management of over \$2.5 trillion in assets on behalf of millions of Canadians. PIAC's mission is to promote sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries.



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**Wil Degast**  
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